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SUBJECT: JORDANIAN BUSINESSMAN RELATES DANGERS OF DOING BUSINESS IN IRAQ

Classified By: Charge d'Affaires David Hale for Reasons 1.5 (b), (d)

SUMMARY

1. (C) A Jordanian businessman, Dureid Mahasneh (please protect), told PolOff January 26 of the dangers his transportation and shipping company has experienced while operating in Iraq. After paying protection money to keep his Baghdad warehouse free from attack, the facility was subsequently burnt down. He claimed the arsonists were members of the Iraqi "resistance" who targeted the enterprise for its "collaboration" with the U.S. military. Mahasneh also negotiated and paid a hefty ransom for the release of a kidnapped employee in Basra. End Summary.

UP IN FLAMES

2. (C) On January 26, PolOff met with Dr. Dureid Mahasneh, a former Jordanian government official who helped negotiate Jordan's peace treaty with Israel, and who is now a businessman. Mahasneh is CEO of Amman-based Middle East Shipping Services (MESS), which maintains offices in Baghdad, Basra and Umm Qasr inside Iraq. According to Mahasneh, MESS provides transportation and shipping services for contractors within Iraq, most notably Bechtel Corporation.

3. (C) Mahasneh told PolOff that conducting business within Iraq was a risky affair, and gave two specific examples to illustrate the dangers his company had faced. First, Mahasneh said that after renting a warehouse in Baghdad, the storage facility came under machine gun fire and, later, a mortar attack when it became known that the warehouse contained SUVs and other valuable equipment designated for U.S. contractors. MESS eventually had to pay "protection money" to a group of Iraqis who accused the company of collaborating with coalition forces.

4. (C) Despite Mahasneh's providing cash for "protection," the MESS warehouse was burned to the ground a little over one month ago. Since nothing was taken from the building before it was set ablaze, Mahasneh believes that this was meant as an act of "resistance" to the U.S. presence in Iraq, rather than a criminal operation. When PolOff asked Mahasneh if he had ever approached the CPA for security assistance, he replied that he had not for fear of confirming accusations that his company was directly in league with U.S. troops. Mahasneh eventually leased another warehouse in Baghdad, but at more than seven times the cost of the former building. Given the shortage of adequate facilities available in Baghdad, owners were charging outrageous prices and getting away with it, according to Mahasneh.

NEGOTIATING A RANSOM

5. (C) Moving to his second story, Mahasneh recounted that last month one of his supervisory employees (a Jordanian) was kidnapped in Basra and held for ransom. Mahasneh went to Basra to negotiate the ransom price, which he reduced from an initial demand of \$100,000 to \$30,000. After paying this amount, the employee was freed without harm, but Mahasneh is wary of the precedent he may have set. He said that he would not return to Iraq unless he was truly needed, given the security situation.

COMMENT

6. (C) Mahasneh did not try to characterize his experience in Iraq as typical for companies doing business there, nor did he have any immediate plans to cease MESS operations in Iraq. Still, his stories reflect the real risks for companies seen to be associated with U.S. reconstruction efforts in Iraq.

7. (U) Baghdad minimize considered.

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HALE